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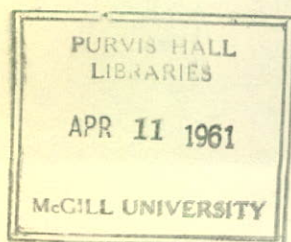
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ALUMINUM COMPANY OF CANADA, LIMITED
AND SUBSIDIARY COMPANIES



1960
FINANCIAL STATEMENTS

*On pourra se procurer le texte français de ce rapport en s'adressant
au secrétariat de la Compagnie, case postale 6090, Montréal 3.*



ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December 1960

ASSETS

	31st December 1960	31st December 1959
Current Assets:		
Cash.....	\$ 30,099,042	\$ 33,553,492
Government of Canada securities.....	—	10,122,537
Receivables.....	13,678,868	11,644,118
Receivable from affiliated companies.....	73,828,271	78,777,055
Inventories of aluminum, materials and supplies (note 2).....	98,683,008	75,186,162
	<u>216,289,189</u>	<u>209,283,364</u>
Deferred receivables.....	15,078,779	6,735,364
Prepaid expense and deferred charges.....	8,986,784	9,394,951
Investments in and advances to affiliated companies.....	2,085,795	6,895,344
Lands, plants, riparian rights, and facilities, at cost (note 3).....	1,264,495,962	1,234,358,746
Less: Accumulated amortization, depreciation and depletion (note 4)	460,404,699	422,896,913
	<u>804,091,263</u>	<u>811,461,833</u>
	 <u><u>\$1,046,531,810</u></u>	 <u><u>\$1,043,770,856</u></u>

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December 1960

LIABILITIES

	31st December 1960	31st December 1959
Current Liabilities:		
Payables.....	\$ 29,503,305	\$ 30,211,720
Payable to Aluminium Limited—Parent Company.....	6,710,000	15,000,000
Payable to affiliated companies.....	8,243,746	2,201,746
Preferred dividends declared.....	745,672	764,488
Income and other taxes.....	16,865,872	4,762,788
Other debt payable within one year (note 5).....	612,000	300,000
	<u>62,680,595</u>	<u>53,240,742</u>
Debt to Aluminium Limited — Parent Company.....	—	8,880,000
Debt not maturing within one year (note 5).....	516,723,046	532,139,768
Reserve for future income taxes (note 4).....	126,425,549	121,397,987
Capital Stock and Surplus:		
Cumulative redeemable sinking fund preferred shares:		
4% first preferred — par \$25 — 415,319 shares outstanding (428,312 shares at 31st December 1959).....	10,382,975	10,707,800
4½% second preferred — par \$50 — 1,144,278 shares outstanding (1,170,182 shares at 31st December 1959).....	57,213,900	58,509,100
Common shares — without nominal or par value:		
8,800,000 shares outstanding.....	100,000,000	100,000,000
Capital surplus.....	7,403,125	5,783,100
Earned surplus (note 6).....	165,702,620	153,112,359
	<u>340,702,620</u>	<u>328,112,359</u>
	<u>\$1,046,531,810</u>	<u>\$1,043,770,856</u>

Signed on behalf of the Board,

FRASER W. BRUCE, *Director*

DANA T. BARTHOLOMEW, *Director*

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Income
For the Year Ending 31st December 1960

	1960	1959
Sales and Revenues:		
Sales	\$305,937,729	\$282,124,348
Operating revenues (transportation services, power sales, etc.)	41,762,038	38,933,496
Income from marketable securities	57,869	450,867
Other income (note 7)	12,488,954	2,210,212
	<u>360,246,590</u>	<u>323,718,923</u>
Costs and Expenses:		
Cost of sales and operating expenses	225,565,475	213,824,271
Provision for depreciation and depletion (note 4)	43,826,971	39,533,750
Selling, general and administrative expenses	22,727,192	19,754,282
Interest on debt not maturing within one year	21,739,507	22,566,269
Other interest	561,865	355,947
	<u>314,421,010</u>	<u>296,034,519</u>
Income before income taxes	45,825,580	27,684,404
Provision for current income taxes	13,779,869	5,825,948
Reserve for future income taxes (note 4)	5,027,562	6,498,928
	<u>18,807,431</u>	<u>12,324,876</u>
Net income	<u>\$ 27,018,149</u>	<u>\$ 15,359,528</u>

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Surplus
For the Year Ending 31st December 1960

EARNED SURPLUS

Earned Surplus — 31st December 1959.....		\$153,112,359
Net income for the year.....		27,018,149
		<u>180,130,508</u>
Dividends:		
4% First preferred.....	\$ 418,780	
4½% Second preferred.....	2,584,773	
Common.....	<u>10,000,000</u>	13,003,553
Appropriations for the purchase for cancellation of preferred shares.....		1,424,335
		<u>14,427,888</u>
Earned surplus — 31st December 1960.....		<u>\$165,702,620</u>

CAPITAL SURPLUS

Capital surplus — 31st December 1959.....	\$ 5,783,100
Par value of preferred shares purchased for cancellation.....	1,620,025
Capital surplus — 31st December 1960.....	<u>\$ 7,403,125</u>

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALUMINUM COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of Aluminum Company of Canada, Limited and subsidiary companies as at 31st December 1960 and the related consolidated statements of income and surplus for the year then ended and have obtained all the information and explanations which we have required. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and related consolidated statements of income and surplus, supplemented by the notes thereto, are properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminum Company of Canada, Limited and subsidiary companies as at 31st December 1960 and the results of their combined operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change (which we approve) in the method of allocating ocean shipping costs referred to in Note 1 to the financial statements.

Montreal, 13th March 1961.

Pricewaterhouse & Co.
Chartered Accountants.

ALUMINUM COMPANY OF CANADA, LIMITED

and Subsidiary Companies

Notes to Financial Statements

1. Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiaries (which are all fully owned) comprising Alumina Jamaica Limited; Chaguaramas Terminals Limited; Demerara Bauxite Company, Limited; Kitimat Terminals Limited; Newfoundland Fluorspar Limited; Saguenay-Kitimat Company; Saguenay Shipping Limited; Saguenay Shipping (U.K.) Limited; Saguenay Terminals Limited; and The Roberval and Saguenay Railway Company.

All intercompany items and transactions, including profits in inventories, have been eliminated.

The method of allocating the costs of the Group's ocean shipping operations was changed in 1960. This change in accounting policy, which tends to smooth out the impact on consolidated net income of seasonal fluctuations in such operations, had the effect of reducing consolidated net income for 1960 by \$1.9 million with a corresponding reduction in the carrying value of year-end inventory.

Accounts, other than Canadian currency accounts, included in the consolidated balance sheet are translated into Canadian dollars at rates of exchange at 31st December 1960, except that (a) inventories, investments, fixed assets and related reserves are at rates determined at dates of acquisition, and (b) debts not maturing within one year are at rates current at dates of issue except that the first mortgage 3½% sinking fund bonds, due 1974, payable in United States currency, are stated on a dollar for dollar basis.

2. Inventories of Aluminum, Materials and Supplies:

Inventories, as summarized below, are stated at lower of cost or market.

	1960	1959
Aluminum	\$ 51,237,847	\$ 22,858,895
Raw materials	55,040,639	54,906,343
Supplies	14,175,670	12,042,047
	120,454,156	89,807,285
Less: Partial payments against aluminum under contracts for delivery at customer's option	21,771,148	14,621,123
	<u>\$ 98,683,008</u>	<u>\$ 75,186,162</u>

3. Lands, Plants, Riparian Rights, and Facilities:

	1960	1959
Land and water rights	\$ 34,347,917	\$ 34,388,802
Mineral properties, rights and development	9,833,338	9,450,340
Buildings, machinery and equipment	1,122,639,710	1,115,992,153
Uncompleted facilities	45,881,004	46,286,807
	1,212,701,969	1,206,118,102
Construction work in progress	51,793,993	28,240,644
	<u>\$1,264,495,962</u>	<u>\$1,234,358,746</u>

The expenditure for uncompleted facilities represents the cost of certain smelter facilities in British Columbia, the construction of which, though since resumed at a slow pace, was suspended in 1957.

Capital projects envisaged for the next few years are presently expected to involve the expenditure of about \$30 million during 1961.

4. Depreciation Policy and Reserve for Future Income Taxes:

With minor exceptions, depreciation recorded in the accounts is calculated on a straight-line basis in respect of all completed facilities. Commencing in 1958 depreciation on this basis has also been charged in respect of the uncompleted facilities in British Columbia referred to in Note 3.

Income tax regulations in Canada, and in certain other countries, permit the use (for the purpose of determining income taxes) of various forms of capital cost allowances which do not coincide with the amount of depreciation recorded in the accounts. These allowances generally exceed straight-line depreciation during the early life of new assets and later fall short of it.

When capital cost allowances utilized for determining income taxes exceed straight-line depreciation, an amount equivalent to the resultant reduction in current income taxes is charged to income and credited to a Reserve for Future Income Taxes. When the allowances so utilized later fall short of straight-line depreciation, resulting in higher current income taxes than would otherwise be payable, an appropriate portion of the reserve is transferred back to income.

5. Debt not maturing within one year:	1960	1959
Aluminum Company of Canada, Limited:		
Revolving credit loans from banks, under U.S. \$160,000,000 credit agreement, convertible at the Company's option on or before maturity (1st May 1963) into term loans repayable in five equal consecutive annual installments beginning one year from date of conversion (U.S. \$119,000,000)	\$115,519,907	\$111,512,578
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"	5,038,000	5,948,000
Series "B" (U.S. \$11,478,000)	11,478,000	11,978,000
Commutation value of contractual obligation for annual payments secured by second hypothec (payable in Canadian currency and in United States currency in equal parts)	7,125,000	7,425,000
3½% Sinking fund debentures, due 1971	33,212,000	34,493,000
3¾% Sinking fund debentures, due 1970 (U.S. \$63,373,000)	62,362,993	68,982,781
4½% Sinking fund debentures, due 1973	42,113,000	44,438,000
4½% Sinking fund debentures, due 1980 (U.S. \$113,400,000)	109,745,526	115,006,343
Redeemable notes — payable to the U.K. Government — interest and \$65,962,500 of principal abatable in certain circumstances as provided in the contracts under which they were issued:		
3% Notes, due 1971	54,950,000	54,950,000
3½% Notes, due 1971	24,975,000	24,975,000
3½% Notes, due 1974	40,000,000	41,915,446
Alumina Jamaica Limited:		
6% Bank loans, due 1962 (£4,000,000)	10,815,620	10,815,620
	517,335,046	532,439,768
Less: Debt payable within one year included in current liabilities (\$17,435,337 less \$16,823,337 already redeemed)	612,000	300,000
	<u>\$516,723,046</u>	<u>\$532,139,768</u>

Allowing for payments already made, sinking fund requirements over the next 5 years against the above debt, other than bank loans, amount to approximately \$0.6 million in 1961 (appearing under Current Liabilities), \$13.6 million in 1962, \$17.4 million in 1963, \$17.9 million in 1964 and \$17.9 million in 1965.

6. Earned Surplus:

Pursuant to the provisions of the 4½% sinking fund debentures, due 1980, approximately \$133 million of earned surplus at 31st December 1960, subject to certain reservations, is not available for payment of cash dividends on the common stock.

7. Other Income:

In 1960 other income includes a cancellation fee of \$9.0 million, a gain of \$1.2 million on disposal of surplus fixed assets (\$0.6 million in 1959) and a profit from the redemption of debt of \$1.3 million (\$1.1 million in 1959).

8. Commitments:

A subsidiary company, Saguenay Shipping Limited, has charter hire commitments amounting to \$22.3 million in 1961 (\$27.4 million paid in 1960), \$17.1 million in 1962, \$11.2 million in 1963, \$6.4 million in 1964, \$4.4 million in 1965, \$2.4 million in 1966, and lesser amounts up to 1974.

See also reference to capital expenditure program in note 3.

9. Statutory Information:

Executive salaries for the year 1960 were \$657,910, legal fees \$107,334, Canadian income taxes \$9,387,059.

ALUMINUM COMPANY OF CANADA, LIMITED
MONTREAL, QUE., CANADA

DIRECTORS

DANA T. BARTHOLOMEW
President, Aluminium Securities Limited

FRASER W. BRUCE
President of the Company

NATHANAEL V. DAVIS
President, Aluminium Limited

JAMES A. DULLEA
President, Aluminium Secretariat Limited

PAUL LAROQUE
Vice President, Aluminium Secretariat Limited

EDWIN J. MEJIA
President, Alcan International Limited

R. E. POWELL
Honorary Chairman of the Company

J. ALEX. PRUD'HOMME, Q.C.
Geoffrion & Prud'homme

H. H. RICHARDSON
President, Aluminium Laboratories Limited

M. P. WEIGEL
Director of Operations, Aluminium Limited

OFFICERS

FRASER W. BRUCE, *President*

J. ALEX. PRUD'HOMME, Q.C., *Vice President*

J. B. WHITE, *Vice President and General Manager*

PAUL LEMAN, *Vice President and Treasurer*

CLAUDE P. BEAUBIEN, *Vice President*

N. S. CRERAR, *Vice President*

A. K. JORDAN, *Vice President*

RODNEY NORTHEY, *Vice President*

P. E. RADLEY, *Vice President*

L. P. LEDUC, *Secretary*

